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RUFOADA/JAC MOLESWORTH AFB UK
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RUEATRS/DEPT OF TREASURY WASHDC
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UNCLAS SECTION 01 OF 03 LAGOS 000057

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STATE FOR AF/W, INR/AA, DS/IP/AF, DS/ICI/PII, DS/DSS/OSAC
OSLO FOR HELENA SCHRADER
DOE FOR GPERSON, CAROLYN GAY
TREASURY FOR ASEVERENS, SRENENDER, DFIELDS
COMMERCE FOR KBURRESS
STATE PASS USTR FOR ASST USTR FLISER
STATE PASS TRANSPORTATION FOR MARAD
STATE PASS OPIC FOR ZHAN AND MSTUCKART
STATE PASS TDA FOR NCABOT
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STATE PASS USAID FOR GWEYNAND AND SLAWAETZ

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [SENV](#) [NI](#)

SUBJECT: NIGERIA: CHEVRON CONSIDERS GMOU MODEL SUCCESSFUL

REF: 07 LAGOS 628

SENSITIVE BUT UNCLASSIFIED--HANDLE ACCORDINGLY

11. (SBU) Summary: Chevron has deemed its global memoranda of understanding (GMOUs) "largely successful" in building a sustainable community-driven approach to development, according to Femi Odumabo, Executive Director and General Manager of Chevron's Policy, Government and Public Affairs office. Chevron hopes communities will be able to lobby state governments, international oil companies and other donors with a list of projects needed in their communities. While the GMOUs set up a community structure for identifying, approving and funding projects, Odumabo said this is complementary, not parallel to, government structures. End Summary.

Government Rep: Chevron is a "Nice Guy"

12. (SBU) Compared to other international oil companies (IOCs), Chevron is a "nice guy," Femi Odumabo, Executive Director and General Manager of Chevron's Policy, Government and Public Affairs office told PolCouns on January 31. Chevron's Corporate Engagement (CE) office directs and manages assistance to oil producing communities in which the company operates; two thirds of the office's budget goes to communities through global memoranda of understanding (GMOUs). One third of the CE budget goes toward Corporate Responsibility (CR) projects which are national in scope, including health (such as Rollback Malaria in Kano, Kaduna, and Zaria), education, water, and power projects.

13. (SBU) After the 2003 Warri conflict in Delta State, which damaged half a billion USD of Chevron's holdings, the CE office spent two years developing a GMOU approach to foster

community-driven development. Each GMOU is signed with a community (ethnic) group and creates the following:

- Regional Development Council (RDC) composed of community members, NDDC, state government, Nigeria National Petroleum Corporation (NNPC), NGOs, donors and Chevron
- Project Review Committee (introduces many projects)
- Conflict Resolution Committee
- Accounts Audit Committee (community, Chevron and government representatives are account signatories)
- Community Engagement Management Board (CEMB)

¶4. (SBU) Each community, primarily through the Project Review Committee, develops a list of desired projects. After receiving and reviewing bids, the community can fund a bid from its community account, which receives a percentage of Chevron's revenue from that area. While Chevron reportedly gives USD 10.8 million a year to the Regional Development Councils, Odumabo noted Chevron never intended to be the sole financier and hopes the NDDC, state governments, and Oil Producing Area Development Commissions (OPADECs) of each state will also fund projects.

GMOU "Largely Successful", Not Parallel but
Complementary to Government

¶5. (SBU) Odumabo deemed the GMOU model "largely successful" based on the Sustainable Livelihood Assessment (SLA) reports, which Chevron teaches communities to conduct on their own. The SLA is a five day teaching workshop which offers skills training in project assessment, critical thinking, and how to

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systematically approach government with a list of projects in need of funding. According to SLA results, the Itsekiri and Ijaw have been most successful at identifying, funding, and completing projects. In addition to successes recorded through SLAs, Shell wrote Chevron a letter recognizing the strengths of this program and said it would borrow the model.

¶6. (SBU) Odumabo said Regional Development Councils are not parallel, but complementary, to government efforts; there have been no local government challenges to RDCs to date. Chevron hopes RDCs will use their three year development plans to express to government their needs, Odumabo suggested this could serve as a government accountability mechanism. He said Governor Olusegun Agagu of Ondo State was the first to offer 40 percent of the state's derivation revenue to the Ondo Oil Producing Areas Development Commission. Odumabo estimated approximately 750,000 Niger Delta inhabitants have been positively affected by RDCs.

¶7. (SBU) Odumabo commented USAID is probably reticent to partner on IOC-driven development schemes, especially ones that could be seen as parallel government structures. However, he requested the USG support positive and successful efforts in the Niger Delta, rather than frequently focusing on the negative.

River Boat Clinic; Nationwide Projects

¶8. (SBU) While Chevron corporate spends USD 30 million annually in Africa on malaria, HIV/AIDS and tuberculosis prevention, Chevron Nigeria provides approximately USD 35 million a year to the Niger Delta Development Commission (NDDC).

¶9. (SBU) Chevron spent approximately USD 1 million in 2006 to operate and maintain a river boat clinic in Delta state. This mobile hospital operates in swamps near Escravos; Chevron estimates 23,000 people were treated in 2007. The river boat clinic was created after a Chevron medical

facility near Escravos was twice burned, once in 1999, once in 2003. Odumabo believed the clinic was burnt by a neighboring ethnic group in the area. Odumabo was surprised the Delta State government has not replicated the successful river boat clinic, despite Chevron's work with the state in operating the boat.

¶10. (SBU) Comment: The GMOU structure adopted by Chevron is, in principle, similar to one devised by the NGO Pro-Natura International (Ref A), which has recorded successes in community-driven development efforts. Notably different in Chevron's model is that it deals with an entire ethnic group (either the widespread Ijaw or geographically close Itsekiri) as one community; given previous ethnic strife and community access issues, it remains to be seen whether this will prove a successful and sustainable model. Chevron's GMOUs offer IOCs a new approach to working with communities, and these efforts appear to gain companies favor as many Niger Delta interlocutors have commented positively on Chevron's community relations.

¶11. (SBU) However, from a broader development perspective, regional development has not markedly improved, nor do GMOUs appear to have decreased regional conflict. Despite its good intentions, Chevron's GMOU may not help communities hold local and state governments responsible for development. End Comment.

¶12. (U) This cable was cleared by Embassy Abuja.

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